



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

August 29, 2002

CERTIFIED RETURN RECEIPT

7099 3400 0016 8895 5019

Gregory A. Hahn
Summo USA Corporation
Denver Center Building, Suite 900
1776 Lincoln Street
Denver, Colorado 80203

Re: Formal Approval of Notice of Intention to Commence Large Mining Operations and Form and Amount of Replacement Reclamation Surety, Summo USA Corp., Lisbon Valley Copper Mine, M/037/088, San Juan County, Utah

Dear Mr. Hahn:

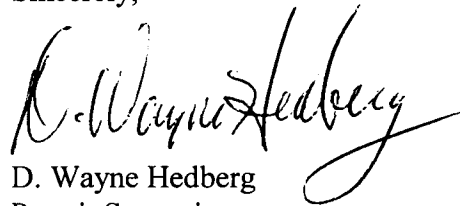
In April, 2002, we received notification from U.S. Fidelity Insurance Company that they were canceling Summo's \$124,200 reclamation surety bond in 90 days, effective July 22, 2002. Summo has replaced the \$124,200 surety with a Certificate of Deposit (CD) # _____, issued by Zions First National Bank, Moab, Utah. As you are aware, the CD is issued for the benefit of the Division of Oil, Gas and Mining. The Bureau of Land Management and School and Institutional Trust Lands are not listed on the CD as beneficiaries; however, with the MOU we have with the land managing agencies, the surety cannot be released back to Summo without written concurrence from all three agencies.

On August 27, 2002, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of the replacement reclamation surety. ***The Division hereby grants its final approval of your replacement reclamation surety for the Lisbon Valley Copper Mine.*** Enclosed please find copies of the fully signed and executed Reclamation Contract and CD for your files. Also enclosed are three original Reclamation Contracts with original sureties and accompanying riders issued and now canceled by United States Fidelity, showing effective dates of February 3, 1998, April 7, 2000 and October 27, 2000 respectively.

Page 2
Gregory A. Hahn
M/037/088
August 29, 2002

Thank you for your help in finalizing this permitting action and keeping the surety for the Lisbon Valley Copper mine current. Please call me if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly distinguishable.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: RC & CD, 3 older original RC's & sureties w/riders
cc: Robert Lopez, BLM (UTU-) w/RC & CD
Will Stokes, SITLA (ML-) w/RC & CD
O:\M037-San Juan\M0370088-Lisbon Valley-Summo\final\approval-ltr.doc

FORM MR-RC
Revised April 4, 2001
RECLAMATION CONTRACT

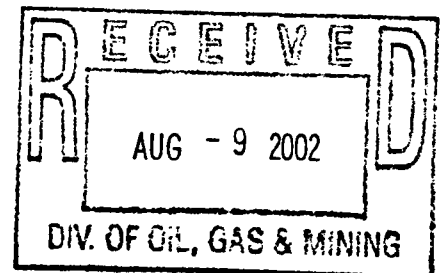
File Number M/037/088

Effective Date Aug 27, 2002

Other Agency File Number UTU - 72499
ML-17661 & ML-20569

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT
---ooOoo---



For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)	M/037/088 Copper
"MINE LOCATION": (Name of Mine) (Description)	Lisbon Valley Copper Project 18 miles south of La Sal, San Juan County, Utah
"DISTURBED AREA": (Disturbed Acres) (Legal Description)	7.86 acres Refer to Attachment "A"
"OPERATOR": (Company or Name) (Address) (Phone)	Lisbon Valley Mining Co. LLC By: Summo USA Corporation, Manager Denver Center Building, Suite 900 1776 Lincoln Street Denver, Colorado 80203 (303) 861 5400

"OPERATOR'S REGISTERED AGENT":

Name)	CT Corporation
(Address)	50 West Broadway, 8 th Floor
	Salt Lake City, Utah 84104
(Phone)	(801) 531 7090

"OPERATOR'S OFFICER(S)"

Gregory A. Hahn, President
Summo USA Corporation
J. Christopher Mitchell, Executive Vice President,
Summo USA Corporation

"SURETY":

(Form of Surety - Attachment B) Certificate of Deposit

"SURETY COMPANY":

[insert Certificate of Deposit number here]

Zions First National Bank

"SURETY AMOUNT":

(Escalated Dollars) \$124,200.00

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Lisbon Valley Mining Co., LLC (the "Operator") and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/088 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 1995 and the original Reclamation Plan dated August 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for

completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

LISBON VALLEY MINING CO. LLC

By: SUMMO USA CORPORATION, Manager

By J. Christopher Mitchell, Executive Vice President

[Signature]
[Officer's Signature]

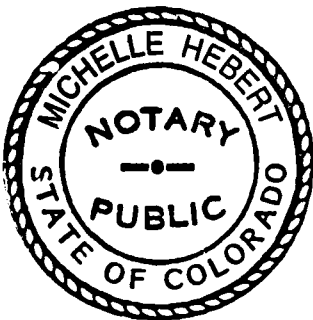
July 10, 2002
[Date]

STATE OF COLORADO)
) ss:
COUNTY OF DENVER)

On the 10 day of July, 2002, J. Christopher Mitchell personally appeared before me, who being by me duly sworn did say that he is the Executive Vice President of Summo USA Corporation, Manager of Lisbon Valley Mining Co. LLC and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said J. Christopher Mitchell duly acknowledged to me that said company executed the same.

Michelle Hebert
Notary Public
Residing at *Lakewood, Colorado*

3-18-03
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

8/27/02
[Date]

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 27 day of August, 2002, Lowell P. Braxton personally appeared before me, who being duly sworn did say that ~~he~~/she, the said Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Julie Carter
Notary Public
Residing at: Salt Lake

April 26, 2006
My Commission Expires:



ATTACHMENT "A"

LISBON VALLEY MINING CO. LLC
SUMMO USA CORPORATION, Manager
[Operator]

Lisbon Valley Copper Project
[Mine Name]

M/037/088
[Permit Number]

San Juan County, Utah

The legal description of the lands to be disturbed is:

Approximately 2.57 acres from exploration drilling and monitoring wells located within:

Township 30 South, Range 25 East

SE $\frac{1}{4}$ and SW $\frac{1}{4}$, Section 25

NE $\frac{1}{4}$, Section 26

NE $\frac{1}{4}$, Section 35

NW $\frac{1}{4}$, Section 36

Township 31 South, Range 26 East

NE $\frac{1}{4}$, Section 5

Township 31 South, Range 25 East

NE $\frac{1}{4}$, Section 1

As described in the 1/19/99 "Well Locations" map

As amended to include approximately 1.02 acres from exploration drilling within:

Township 30 South, Range 25 East

NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 36

NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 35

As described in the August 12, 1999 "Attachment 1" map

As amended to include approximately 0.825 acres from exploration drilling within:

Township 30 South, Range 25 East

NW $\frac{1}{4}$ and NE $\frac{1}{4}$, Section 36

As described in the December 20, 1999 "Attachment 1" map

ATTACHMENT "A"

LISBON VALLEY MINING CO. LLC

SUMMO USA CORPORATION, Manager
[Operator]

Lisbon Valley Copper Project
[Mine Name]

M/037/088
[Permit Number]

San Juan County, Utah

The legal description of the lands to be disturbed is:

As amended to include approximately 2.3 acres from exploration drilling within:

Township 30 South, Range 25 East
N ½, Section 36 (State Trust Land – Mineral Lease # 20569)

As described in the March 14, 2000 "Attachment 1" map

As amended to include approximately 1.14 acres of additional disturbance for groundwater exploration drilling within:

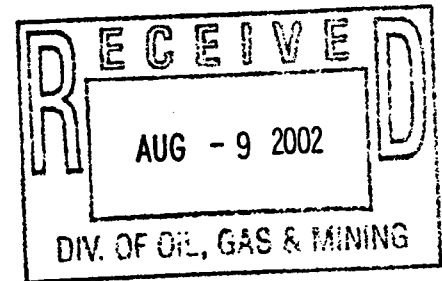
Township 30 South, Range 25 East
SE ¼, Section 23
NW ¼, SW ¼, SE ¼, Section 25
NE ¼, Section 26
NE ¼, SW ¼, SE ¼, Section 36

Township 31 South, Range 26 East
NW ¼, Section 6

As described and provided in the July 14, 2000 Request and "Attachment 1" map

LISBON VALLEY MINING CO. LLC
C/O SUMMO USA CORPORATION
900 DENVER CENTER BUILDING
1776 LINCOLN STREET, DENVER, COLORADO 80203
TELEPHONE: 303/861-5400 FAX: 303/863-1736
www.summominerals.com

Zions First National Bank
300 South Main Street
Moab, Utah 84532



August 2, 2002

Attention: Ms. Debe Haycock, Financial Service Representative

**Re: Reclamation Surety, Certificate of Deposit for the Lisbon Valley Copper Project Mine Site,
M/037/088, San Juan County, Utah.**

Account No. : (Certificate of Deposit in the Principal Amount of \$124,200.00)

Dear Sirs:

This letter describes the mutually agreed upon instructions of the below signed parties to Zions First National Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the Lisbon Valley Copper Project mine site, San Juan County, Utah (Mine Site). It is the intention of the parties that the CD be utilized as surety to guarantee that \$124,200.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the Mine Site in compliance with state law and regulations including but not limited to Title 40-8-14(7), and Rules R647-4-114 & R647-5-101.

Ownership and Renewal:

Ownership of the CD is retained by Lisbon Valley Mining Co. LLC, a Utah limited liability corporation (Owner), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining, and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owner's control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement shall be no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or its legal successor-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues to the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD that would cause the redemption amount of the CD to be less than the initial amount, being \$124,200.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

Lowell P. Braxton
Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining

Date: 8/27/02

LISBON VALLEY MINING CO. LLC
By: **SUMMO USA CORPORATION, Manager**

By: J. Christopher Mitchell
J. Christopher Mitchell, Executive Vice President
Tax ID Number: _____

Date: August 2, 2002

ZIONS FIRST NATIONAL BANK

By: Connie Sheffer
Connie Sheffer P.C.S.M.
[Insert Name and Title of Bank Officer]

Date: 08-05-02

ZIONS BANK

TIME DEPOSIT CONFIRMATION

Account Number: _____
Date: 07-11-02

Ownership: LISBON VALLEY MINING CO. FOR THE BENEFIT OF
STATE OF UTAH, DIVISION OF OIL, GAS, AND MINING

Purchase Amount: **124,200.00

Interest Rate: 02.00

Annual Percentage Rate: 2.00%

Maturity Date: 07-11-03

Interest Payment Frequency: ☐ At Maturity ☐ Annually ☒ Quarterly ☐ Monthly

Interest Payment Method: ☒ Add to Deposit ☐ Issue Check ☐ Transfer to Account Number: _____

☐ Checking/MMDA ☐ Savings

Bank Representative Signature: _____

Dale Haycock

This confirmation is not negotiable. This confirmation is not transferable except on the records of the Bank. The Certificate of Deposit is issued in accordance with the Bank's Deposit Agreement.